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575 In rural areas, organizations such as the Red Spear Society (Hung-ch'iang Hui) and the Mutual Protection Society (Lien-ya Hui) existed for the protection of its members against roving bandits. These voluntary associations arose in areas where the government failed to maintain order and peace, and their organization cut across class and occupational lines. When landlords were forced to move into towns during periods of disorder, organized peasants and tenants at times became so powerful that they defied the landlords' demand for exorbitant rents.

467 Among the artisans and workers in China there were for generations both craft guilds (hangs) and regional guilds (pangs). As in Europe, these guilds were not intended to serve the interests of workers as a class but to promote the crafts and guard their monopoly and trade secrets. Both employers and employees were members, but the employers usually dominated the guilds' activities.[7]

484 Another kind of association existed to serve travellers, who were usually merchants, in cities outside their home county or province.

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7. Nym Wales, The Chinese Labor Movement, New York, The John Day Company, 1945, p. 7.

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A. Trade Unions

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467 Trade unions are regarded as the link between the Party and the workers. Since trade unions form the backbone of industrial development, and since East China is one of the most industrialized regions of China, the control of trade unions by the Party is one of the foremost tasks of the Party organizations in East China.

In the East China Region, an East China Trade Union Working Committee was established as the representative body of the All-China Federation of Trade Unions.[39] The chairman of this committee was also in charge of the Shanghai Federation of Municipal Trade Unions, which is no doubt the largest organization in this region. Under the regional committee, local trade union councils reach from the provinces to the towns, an administrative unit equivalent to hsiang; namely, "urban centers" in rural communities.

To destroy the existing labor organizations, the Party associated their elimination with the suppression of counterrevolutionaries and the Democratic Reform Movement. Ever since the Communists seized power in this region,

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39. Text of the Constitution of the All-China Federation of Trade Unions, ibid., May 14, 1953, p. 2; English text will be found in Current Background, No. 248, June 22, 1953.

668 they have taken drastic measures to suppress
467 counterrevolutionaries. In larger factories, former labor leaders were singled out for liquidation. They were either accused of being spies in the past or leaders of secret societies. The Democratic Reform Movement directly aimed at the liquidation of old union leadership, was launched at a later date in East China than in other regions. Not as vigorous as in other region it concentrated upon the consolidation of gains after the destruction of the old leadership. The Democratic Reform Movement against privately-owned enterprises in Shanghai did not begin until December 1952.[40]

A trade union organization similar to that of the Party branch is organized by the trade union members working in the same enterprise. As a general rule, a committee is formed whenever the membership reaches twenty-five. The trade union committee sets up a workshop (department) committee to direct the work of its departments. Workshop committees are sometimes divided into trade union teams according to production units and work units. The reason for the closely patterned organization and structure of the trade union is to enhance Party control and, in turn, to convert trade unions into effective and militant organizations.

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40. Report of the Municipal Council of Trade Unions, Liberation Daily, October 1, 1952, p. 1, ibid., December 11, 1952, p. 2.

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467 The methods employed by the Party for political control over other organizations are applicable here, of course. The subjection of trade union affairs to the direction of the Party Commission on trade unions and the placing of Party personnel in key positions in the trade unions are customary practices at all levels.

However, the most effective method of control is the Party directive that Party orders are to be carried out within but not outside of the trade unions.[41] Control involves three steps. First, the Party branch is the starting point for the formulation of directives, working plans, and cadre policies. Secondly, the Party branch suggests to the presidium of the Trade Union Council those policies in need of discussion. Party members elected to the presidium must direct the trade unions meeting and successfully pilot the Party proposal through the presidium. Thirdly, after the resolution is adopted, Party and NDYC corps members must accept it unconditionally and serve as activists to make sure that the resolution is carried out.

668 C. Federation of Democratic Women (FDW)

The most active federation in the East

41. People's Daily, May 7, 1953, p. 2.

687 influence of secret societies must have been.
575 These societies will not be easily eliminated even in areas where the Communists have ruled the longest.

While the Land Reform Movement was used to destroy the secret societies in the rural districts, various measures to achieve similar objectives were taken in the cities. The case of Wang Sung-t'ao[35] was publicized as an example of an individual charged with being both the leader of a secret society and a spy. Many such leaders were either arrested or evacuated to the rural areas as "despots and gangsters."

687 Still another suppressive measure taken
575 by the Communists was directed at certain
467 labor organizations where the influence of secret societies was the strongest. Secret societies controlled labor organizations such as Ch'ing Pang, Hung Pang, I Kuan Tao, Huang Niu Tang, Ti Hsüeh T'uan, and Lao Kun Tzu. In Shanghai alone 73 of these organizations were known to exist.[36] To eliminate their influence, the Communists placed these labor organizations under state-owned companies established in this region.[37] Wheelbarrow and

35. Ibid., April 12, 1951, p. 2.
36. Ibid., Sept. 19, 1951, p. 2.
37. Directive on the East China Military and Political Committee, ibid., Aug. 30, 1951, p. 1.

687 rickshaw pullers, stevedores, longshoremen,
575 and garbage carriers were organized into
• 467 unions under strict Communist control. The organization of these service-men was a business transaction between the private owner and the state, similar to that of the "democratic reform movement" in all labor organizations. Three distinct steps were taken: working teams were organized and mass sentiment was aroused for the destruction of "feudal" systems and reactionary elements; preparations were made for the organization of moving companies; and finally the organization and consolidation of all moving companies was completed. During the first stage, the old trade union leaders and the "feudal" bosses were tried, and the activists were encouraged. The qualifications of the workers were checked; "undesirables" were either forced to change their occupations or were evacuated to the rural areas. And finally, qualified workers were organized under new leadership into companies and battalions similar to that of the army.

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575 Despite the various measures taken by the Communists, secret societies continued to flourish. Recent reports indicate that their activities are spreading to other parts of China. In the county of Ho-tse, Shantung Province, seven self-styled "emperors" of secret societies were reported active during 1954. Although secret societies base their philosophy on superstition and have often incorporated into their rituals many harmful practices,

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Annex "A," Subparagraph 3g,
Economic Background

LABOR

I. LABOR UNION ORGANIZATION AND ACTIVITIES

467 Until recently East China was considered to be the most industrialized region in China. Industry centered around Shanghai, with Hangchow, Soochow, Wu-hsi, Nan-t'ung and Nanking only slightly less important as industrial centers. According to Communist statistics, this area in 1954 accounted for 67 per cent of the spindles of China's cotton textile industry and 33 per cent of China's flour industry. Moreover, one-third of the equipment for China's machine-manufacturing industries was located in Shanghai.[1] There were some 3,600,000 industrial workers in East China in 1951 -- about 28 per cent of the 12,850,000 workers in the country as a whole.[2]

Workers played an important part in the Communists' seizure of East China's industrial cities in 1949. When the Communist army prepared to cross the Yangtze River in April 1949, the workers in Shanghai were organized by the Communist underground, and a People's Peace Preservation Corps of over 60,000 men was formed by Shanghai residents. About 60 per cent of the corps were industrial workers. The corps prevented the retreating Nationalists from removing or destroying the factories in Shanghai.[3] The workers of the

1. Ching-chi Tao-pao [Economic Bulletin] Hong Kong, March 29, 1954, p. 12. (over)

467 Shanghai Power Company remained on duty under fire, and the supply of electricity was not interrupted during the seige of Shanghai.

After the seizure of Shanghai and other industrial cities in the East China Region, the Communists urged the workers to return to their jobs. Many factories were said to have resumed operation while the fighting continued.

According to Communist statistics, among the more than 5,000,000 population in Shanghai there were 1,100,000 workers in early 1950; about 85 per cent of these were unionized. There were 24 industrial trade unions in the city as a whole, and 412 trade unions were organized in factories and other enterprises.[4] The first Shanghai Trade Union Congress was held in February 1950 and was attended by 1,563 delegates representing 953,000 organized workers. The Congress passed four resolutions concerning (1) implementation of democratic management in publicly-owned

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2. The figures are in a report from Formosa; see Kung-fei Min-chung Yün-tung The Mass Movement in Communist China, Taiwan, 1952, p. 28.

3. Chieh-fang Hou Shang-hai Kung-yün Tzu-liao [Materials Concerning the Labor Movement in Shanghai after "Liberation"] Shanghai, 1950, pp. 17-23.

4. Workers' Daily, Peking, June 29, 1950, p. 10.

467 enterprises, (2) labor-capital relations, (3) labor education, and (4) labor safety and sanitation. At the same time, the Shanghai Federation of Trade Unions was formally established.[5]

The second Shanghai Trade Union Congress was held from January 10 to 17, 1955, and was attended by 1,460 delegates. It was reported in a meeting that the trade union membership of Shanghai had grown by over half a million in the past five years since 1950, reaching 1,329,000 at the end of 1954. The meeting passed a report on the "basic conditions of the work of the Shanghai Federation of Trade Unions during the past five years and its future task," boasting that much had been achieved through the efforts of trade union leaders.[6]

Immediately after the "liberation" of Nanking in April 1949, the Preparatory Committee of the Nanking General Trade Union was established. From April to December 1949, preparatory committees for 101 basic trade unions in Nanking had reached 50,000.[7]

According to incomplete statistics, by the end of 1949 there were 1,200,000 workers (including handcraft workers) in the province of Shantung; of these only 188,700 (about 16 per

5. Ibid., February 10, 1950, p. 1.
6. People's Daily, Peking, June 22, 1955, p. 3.
7. Workers' Daily, January 8, 1950, p. 50.

467 cent) were unionized. Apart from workers in Tsingtao and Tsinan, most of the workers in other cities of Shantung were engaged in handicrafts. They were scattered and could not easily be organized. The situation in Tsingtao and Tsinan, however, was different. Tsingtao had been the second largest cotton textile industry center in Mainland China and the second largest center of light industry in the East China Region. In early 1950, of the 130,000 industrial workers in Tsingtao, 63 per cent belonged to unions. Among the textile workers and workers in publicly owned enterprises, unionized men constituted over 90 per cent of the total.[8] In the same period in Tsinan, there were 58,000 union members (about 56 per cent of the workers in that city), but only 25 per cent of the shop clerks and handicraft workers were unionized.[9]

Because of the relatively retarded development of industry in Chekiang, Fukien, and Anhwei provinces in East China, few workers in these three provinces belonged to unions.

II. ORGANIZATION OF THE BASIC TRADE UNION

According to the regulations governing the organization of the basic trade union issued

8. Ibid., January 5, 1950, p. 4.

9. Chinese Workers' Monthly, May 15, 1950, p. 50.

467 by the All-China Federation of Trade Unions in August 1950,[10] a basic union may be an organization in a factory, a mine, a shop, a farm, a government department or a school where twenty-five or more persons are employed. Organizations where five-hundred or more persons are employed may establish basic union committees in various departments and workshops of a single organization. Under a basic union committee, sub-committees and work groups may be established in accordance with the needs of the work assigned to the basic trade union. A model basic trade union committee, as outlined by Chou Ping-k'un, chief of the Department of Organization of the Shanghai Federation of Trade Unions, consists of twelve sub-committees and forty-five work groups.[11]

Sub-committees	Work Groups
1. Organization	a. Organization. b. Cadres c. Membership d. Statistics
2. Production	a. Emulation b. Quota c. Technical d. Rationalization Proposals e. Wages f. Statistics

10. Kung-hui Tsu-chih Kung-tso Yu-kuan Wen-chien [Documents Concerning the Organization of Trade Unions] Shanghai, 1951, pp.4-9.

11. Wu, Yuan-li, An Economic Survey of Communist China, New York, 1956, pp.429-434.

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Sub-committees	Work Groups
3. Education and Recreation	a. Propaganda b. Culture and Education c. Recreation and Entertainment d. Statistics
4. Labor Insurance	a. Information and Regulations b. Medical Works c. Inspection d. Statistics
5. Labor Safety	a. Safety b. Sanitation c. Inspection d. Statistics
6. Daily Life	a. General Service b. Public Facilities c. Dormitories d. Public Kitchens e. Statistics
7. Mutual-Aid Fund	a. Accounting b. Cashier c. Investigation of Loan Applications d. Organization e. Statistics
8. Production Security	a. Protection and Security b. Labor Safety Study c. Statistics

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Sub-committees	Work Groups
467 9. Statistics	------
10. Finance	--------
11. Women Workers	a. Liaison b. Sanitation and Welfare c. Family Disputes d. Crêches e. Statistics
12. Workers' Families	a. Organization b. Production c. Sanitation d. Mutual-Aid e. Statistics

The activities of the Communist trade unions are unlike those of their counterparts in Western democracies. Trade unions in Communist China carry out the national production plan and control the life of workers and their families. In a Communist country, trade unions are schools of Communism; in other words, spheres of Party influence and links between the Party and the masses.

468 III. LABOR DISPUTES AND THE LABOR BUREAU

In Communist society, labor and capital are expected to perform different functions

468 1950 and early 1951. These cases were handled by the trade unions in an attempt to satisfy both labor and capital.

IV. DEMOCRATIC REFORM AND POLITICAL INDOCTRINATION

467 668 In the course of labor organization, the Chinese Communists discovered that many "reactionary and feudalistic elements" still existed in the labor organization, and that the trade union leaders practiced "bureaucratism" and "commandism." Labor bosses in factories were given the title "Number One" in Shanghai and "pa-t'ou" in Tsingtao.[15] The Communists urged the masses to aid in the elimination of reactionary elements, bossism, and remnants of feudalism. To this end, they initiated "democratic reform" in Central-South China in May 1951, and later extended it to other regions. In East China, reform was accelerated in September 1951.

To initiate a "democratic reform" movement in a factory or a mine or among a group of workers, the union cadres called "criticism" and "self-criticism" meetings at which everyone present was urged to make complaints and accusations. The purpose was "to weld together by ties of sympathy and understanding all who work together." After the movement had been established, changes were made in factory regulations and working

15. Gang-labor chiefs had unlimited authority to exploit the workers.

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668 relations. In the case of textile mills in Shanghai, Tsingtao, Wu-hsi, and Hangchow, the system abolished the practice of searching workers as they left the mills. At the wharves of Shanghai, Tsingtao, Tsinan, the pa-t'ous (labor bosses) were reported to have been eliminated by "democratic reform." In Huai-nan mining district in Anhwei Province, the gang-master system was abolished. But there were also reports of the persistence of bureaucratic practices among trade union cadres. In Shanghai, the deputy chief of the textile workers' trade union encouraged the workers to register complaints by utilizing a suggestion box. One note dropped in the box suggested that the deputy chief change his habit of pounding tables and using abusive language during union meetings. The next day the deputy chief threatened to burn the box if the anonymous writer did not identify himself.[16] This incident suggests that the "Communist spirit" is never as democratic as it has been ordered to be, and that the legislation of equality will have its abuses.

Other campaigns initiated by the Communists included the Resist-American-Aid-Korea Movement, Suppression-of-Counterrevolutionaries Movement, and Three-Anti and Five-Anti campaigns. These movements and campaigns were to assist in the political awakening of the workers.

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16. Chinese Workers' Monthly, September 15, 1950, p. 11.

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633 the Division. It is doubtful if this success would have been achieved
466 if the substantial power of the police had been challenged by rais-
625 ing the question of a social approach to industrial disputes. Nor is it likely that a Council accustomed to listening to police warnings of possible civil disturbances if such and such a policy were instituted, would have upheld the views of a new social service against police objection. Instead, gradual successful practice of mediation at length established the theory of the appropriateness of the acquired mediation functions and the principle on which they rested.

633 It is admitted that in thus avoiding an open raising of issues the
466 Division lost that chance for educative work which the democratic
625 process would have given, in seeking, despite probable failure, to
467 establish recognition of the theoretical as well as the practical validity of the social aims pursued. But when discussion might have meant inaction, it was better to forfeit it. It was never politic to raise formally with the police, with any chance of success, a proposal that labour unions should be encouraged, the view which the Division held. From 1937 onward Municipal Police required the registration of all organisations. They reserved the right to refuse to register those whose actions in their opinion would not help to maintain public peace. They refused to register labour unions. They permitted the registration of "mutual aid" groups with common occupational interests, but if these attempted to act as unions in formulating demands, their registration was cancelled. Some police officials took the view that all leaders of their fellows in any concerted action, no matter how unsupportable the conditions of work against which they protested, were "agitators." On occasions when informal discussion took place with individual members of police in positions of authority, few could be brought to see that unions encouraged and registered, with accepted leadership, could be a factor in preventing the use of unions by less desirable elements. Their negative recourse was to deny unions the right to exist. As later chapters will show, this attitude did not prevent powerful worker action. It merely deprived workers and the community alike of proper instruments for mediation and the development of experienced and acknowledged leadership.

633 In one issue where a discussion took place, the Division had to
466 wage not one but several campaigns to preserve for the community
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IN THE CASE OF APPRENTICES, food and lodging were virtually their entire remuneration. Many enterprises operated almost wholly upon so-called apprentice labour. Since in many instances little skill was learned, but repetitive machine processes alone were involved, a young worker learned all there was to learn within a few weeks of entering an enterprise. Yet, for two or three years, he had no earnings other than his food and a place to sleep, and a very small sum for such needs as a monthly haircut. Much of the small-scale industry of the Settlement was built on the work of overworked and unpaid young people.

A study of the health of workers in the chromium plating and polishing trades made in 1936[2] showed something of the situation obtaining among young workers. The report stated:

> The use of young boys in workshops in Shanghai is a common feature. Gear's study of printing works found 63 per cent below 20 years of age: in the plating and polishing trade the percentage was 70. Workers came from no fewer than 28 places in neighbouring provinces; only six belonged originally to Shanghai. Fifty-five per cent have been less than four years in Shanghai: 62.5 per cent have been less than four years in the trade . . . The mode of working hours of the 200 workers examined is 11: that is to say, the greatest number of workers work 11 hours per day . . . the mode of rest days is two per month, but 35 per cent have less than this number.
>
> The apprenticeship system in China, of which this is an example, has often been described, but perhaps nowhere do its evils demonstrate themselves more clearly than in the trade now studied. There is a generally accepted view that the owner of a factory or workshop frequently takes into his service young lads who come from his own town of origin and are known to him, and that on this account he exercises a paternal interest in their whole well-being, even if they have to work very hard. The present study has revealed that while this may be true to some extent, a situation far otherwise exists concurrently. An entrepreneur, who may have paid a visit to the country, may bring back a small boy promising his parents that he will have him taught a trade. He goes from workshop to workshop till he finds a master who is in need of another unpaid assistant. He hands the boy over. The new master may not know his name or any facts concerning him. . . .
>
> An enquiry was made as to whether, in the workshops studied, there had been any formality in the drawing up of an apprenticeship contract. Nothing of the kind was found, however. While in older crafts

[2] Under the direction of Drs. Bernard Read and Lee Wei Yung of the Henry Lester Institute of Medical Research, and others, and published in the Special Report Series of the Chinese Medical Association.

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this practice may be more general, it is certain that in the newer occupation here represented this safeguard is absent. The Chinese Government Factory Act, apparently recognizing that in the apprenticeship system the exploitation here described is widespread, requires that all apprentices shall have a contract which shall lay down the terms of employment. Masters are required by the law to provide teaching in the trade, and to provide board, lodging and an allowance. The law places the lower limit on the age of commencement of the apprenticeship at 13 years, and restricts the processes in which they may be employed, eliminating those dangerous to health or likely to subject the young workers to undue hazards. Specifically they must not be employed in places where they are exposed to dust or poisonous gases. Finally the number of apprentices who may be taken may be limited by the authorities. It is obvious that these protective measures should be enforced at as early a date as possible. . . .[3]

This description of the exploitation of young workers under the so-called apprenticeship system needs no comment. From the point of view of the authorities, attainment of the legal standards could make little progress during years of war and economic stress. But the need for improvement remains.

Considering all the controls enumerated above, workers would seem to have enjoyed little freedom either in obtaining employment or afterward. Yet there was self-respect among Chinese workers. Many lived freely outside the precincts of their places of employment, were fathers of families and living with them, happy in their relations with their fellow-men despite earnings which were for the most part insufficient for the full needs of their families. This individual character of workers, which no amount of dependence on others removes, augurs well for the final emergence of a more independent labour force in China.

How can the authorities aid in future in removing some of the evils in employment relations?

As yet, except for the influence which has been exerted in a few instances toward the elimination of employment through contractors, little has been done directly. One administrative instrument which would help to remove some of the more blatant evils,

[3] In Chapter IX, dealing with the education of young workers, will be found reference to efforts to raise standards of employment and training for trade apprentices who are apprentices in the western sense. Chinese apprentices are called *t'u ti*, "young learners"; those learning a skilled trade are *i t'u*, "skilled learners."

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CHAPTER VI

LABOUR ORGANISATION

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COHESION OF INDUSTRIAL labour came late to China—not, in fact, until the 1920's. In 1925 in Shanghai, Hongkong and Canton, workers participated in protracted strikes which had a political, then anti-foreign, character. In 1927, when the Kuomintang armies approached Shanghai from the south, and one month before they entered the city, widespread strikes occurred, an intimation that the organisation of workers had preceded the armies. During the Kuomintang regime in the Shanghai City Government Administration (1927-37) the organisation of labour by the party was steadily pursued.

On October 21, 1929, a Labour Union Law was promulgated by the National Government of China. A careful perusal of the Law indicates that a free development of the labour movement was not contemplated. Granting that labour in China, inexperienced in organisation as it is, cannot easily reach the maturity of western labour movements within a short time, the fact nevertheless remains that the official supervision for which the Law provides suggests that a labour movement developed under its aegis would be carefully controlled. The Law declares that "the Competent Authority of a union shall be the provincial government, or the municipal government . . ." To organise a union "an application in duplicate for registration . . . shall be submitted to the Competent Authority," which "shall give decision within two weeks." "Upon obtaining official sanction for registration, the labour union shall submit to the Competent Authority . . . names, addresses and antecedents of the officers elected." After outlining the permitted functions of a union, the Law states: "If a labour union has not carried out any of the activities of mutual aid . . . the Competent Authority may . . . send a person to assist the labour union in organising such activities."[1] Membership lists must be

[1] Translation by Koo Ping Yuen, in *China's Labor Laws*, Second edition, Commercial Press, Shanghai, 1935.

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submitted to the Authorities twice annually, and a union may be dissolved by the Competent Authority in certain circumstances. 467 668

Between 1927 and 1937, when the Kuomintang Government ruled in Nanking, and the Shanghai Chinese City Government was active in the organisation of labour under the Labour Union Law, leftist unions were vigorously suppressed. Hence it appeared that in organising a labour movement, the parties responsible had been concerned at least in part with forging a political instrument.

DURING THE THREE and a half years following the outbreak of Sino-Japanese hostilities in 1937, the organisation of labour saw four distinct phases. The influence of the Kuomintang labour organisation persisted until early in 1940. There were few strikes during the first two years, a period of destruction and recovery, and the Kuomintang organisation had little to do with labour disputes. Early in 1939 an organisation appeared with headquarters outside the Settlement and known as the "Chinese Republic Workers' League," which was associated with disputes in two foreign-owned enterprises in the eastern district in the late summer of 1939. It was dissolved shortly after, and was replaced by the "Chinese Workers' Welfare Association," with an eastern district branch. This organisation was very active, and caused strikes in several undertakings of western ownership. The organisation collected fees from many workers, but after October 1939 ceased to function actively in disputes. These organisations were in fact inspired by Japanese. Every possible means was used to embarrass British and American enterprises.

After June 1939 the influence of labour organisations under several names grew steadily. In November 1939 there arose the "China Labour Movement Association," which for a time confined its activities largely to enterprises in the western district Extra-Settlement area. The first significant dispute with which the Association was involved at this period was a strike among mechanics, conductors and chauffeurs of the China General Omnibus Company, one of the public transportation companies in the Settlement. Its success made it more influential. In June 1939 a first reorganisation took place, after which the "Shanghai General Labour Union" emerged, frankly under the direction of the

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Shanghai Branch of the Social Movement Direction Committee of the Ministry of Social Affairs of the Nanking authorities. Under this master union, the organisation of unions in various trades proceeded. In December 1940 this General Labour Union, together with a body with headquarters in another part of the city and a Workers' Welfare Association, merged in the Shanghai Municipality Labour Movement Adjustment Committee, directed by the Social Movement Direction Committee of the Nanking Ministry of Social Affairs. During the first half of 1941 this Adjustment Committee busied itself with the organisation of labour unions in various industries. These organisations were stimulated by the Nanking Chinese authorities with the dual purpose of increasing their own power and troubling the peace.

It is interesting to note that the new Nanking authorities pursued a course not unlike that of the Kuomintang Government a decade earlier. Labour was regarded by the new regime as a factor in the political movement. Once organised it had to act if the organisation were to retain the interest of the workers. Hence newly formed groups were encouraged by their organisers to initiate a positive programme, in short to present demands. If increased earnings were secured through such united action, the workers would then be bound in gratitude to the group which organised the struggle. The political hold of the responsible party increased over that section of the community which the workers represented.

Thus twice in the space of fourteen years, labour in Shanghai was wooed by a political party. There is no denying the existence of generally unsatisfactory working conditions and inadequate earnings. From this point of view labour should in any case press for improved conditions. Yet the interest of a political party in the welfare of the working classes has had in part a political, not wholly a humanitarian inspiration. A spontaneous self-directed labour movement like that in many western countries did not exist in Shanghai.

The diminution of industrial activity following the outbreak of Pacific hostilities lessened also labour union activity, but it was not eliminated. The Social Movement Direction Committee of the Nanking authorities continued its work and stimulated workers in such trades as continued to flourish, as for example in the leather shoe trade. Here a strong union representation of workers

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was able to obtain through the Division's mediation in August 1942, a collective agreement embodying a minimum monthly pay of CRB$200 whether employees worked or not during slack months when otherwise they would not be able to earn this amount. Unions, too, were active in claiming on behalf of their members adequate discharge allowances.

It can thus be seen that labour was by no means inarticulate, nor did it necessarily await the stimulation of political groups to lend it cohesion and the power to act in concert. When impelled by a sense of economic needs, workers formulated demands which they pressed upon employers. Leaders emerged to conduct negotiations, often with considerable astuteness, and though in many cases they were almost illiterate, they were often keenly intelligent.

How was the Division apprised of imminent industrial unrest? Without compulsory powers to require the submission of a dispute to mediation, it nevertheless arrived at the place where few serious disputes occurred which were not brought to it for settlement. There was a gradual building up of confidence in its fair handling of matters in dispute and one group of satisfied workers passed word to another that application to the Division for mediation would have useful results. Disputes could of course be referred by either party; but as a matter of technique the Division mediated most successfully when workers, not management, presented the request. The reason is obvious: workers may distrust a mediator whose help has been sought by an employer. The Division sometimes waited days after a case was referred by management, in the meanwhile trying through other workers whose confidence had been won, to have the workers involved in the dispute request mediation.

An obvious principle for the Division in mediation was not to break the strength of the workers. If their bargaining power were weakened, the process became not one of mediation between parties of equal strength, but a dictation of its views on the part of a stronger management. This view of the Division did not always correspond with that held by the Municipal police, who also were associated with the settlement of some disputes, usually those where violence or threat of violence had occurred. The police, whose function was primarily to preserve peace and order,

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On the whole, however, workers exhibited a capacity to think logically about their problems, and a willingness to negotiate rather than to resort to violence. Indeed, violence was rare, while orderly negotiation was very common.

Resort to strike-breaking by management was infrequent, but not unknown. In two disputes in 1940 Jewish refugees newly arrived from Europe were called in. However, their lack of the specific skills involved as compared with that of the Chinese workers, and the higher remuneration which they demanded made their employment beyond the emergency period uneconomic for management. In a few instances as in some public utility enterprises, Russian workers were employed on a permanent basis in order to have labour available in the event of a dispute with Chinese workers which would result in the paralysis of an important industry. One German-owned bakery in 1942 asked the Division if it could supply bakers to replace those intending to strike, on the ground that the public interest in the supply of bread was at stake. The management was informed that the Division did not break but mediated strikes, and through mediation the Division averted the threatened stoppage of work to the satisfaction of all concerned. It can be seen that certain employers entertained primitive ideas of employment relations and of the function of authority in the settlement of disputes.

There was little uniformity in the attitude of employers toward the activities of labour. Some western foreign-owned enterprises permitted actual union organisation, and entered into negotiations with duly elected representatives. Others allowed no formal organisation, though they tacitly admitted the right of their employees to collective action by negotiating with them, either with or without an independent mediator. Yet others again permitted no group activity, and many instances were known where workers who led their fellows were dismissed from their employment. Until workers may express themselves without fear of loss of employment, full freedom of workers to act collectively cannot be said to exist. Dismissal for those associated with group activities occurred in plants of Chinese ownership, although the Chinese Government's labour Union Law gives protection to those who organise.[3] This law was

[3] Article 31 states: "An employer or his representative shall not refuse to employ workers or dismiss workers or accord other unfavourable treatment to them because

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

not applicable to owners of factories with extra-territorial privileges, to American, British, or Japanese owners.

The attitude of the Shanghai Municipal Council toward labour organisation was not specifically formulated. While a procedure of registration of organisations with the Special Branch of the Municipal Police as a means of crime prevention was instituted as an emergency measure after the 1937 hostilities, the registration of workers' groups was not encouraged.[3]

As stated elsewhere, industry in the past did not pay adequate wages, many workers being employed at remuneration insufficient to meet the needs of a family.[4] There was no effective legal instrument for enforcement of minimum wage standards, but mediation procedure frequently was useful in achieving earnings adjustments. When a dispute occurred a first step was to request from the management the wage sheet of the preceding month, together, if possible, with the wage sheet of the corresponding month in 1936. It was then possible to find the actual earnings indices, and to compute real wage indices, so that the spending power of earnings became apparent. These earnings were further compared with the minimum subsistence costs regularly published monthly by the Division. By these two procedures the parties became aware of the actual wage situation, and efforts were exerted to have adjustments made so as to meet as nearly as possible the published figures.

An important instrument to further betterment of conditions was the signing of a collective agreement to which factory managements, workers' representatives, and the Division, were parties. A written agreement is better than verbal promises. Moreover, being an agreement to which the parties had voluntarily agreed, it had the moral force of a contract.

The agreements covered a wide range of conditions of employment including wage increases, allowances of various kinds, provision of annual bonus and profit sharing, provision of hospital

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of their affiliation with the labour union . . . shall not make it a condition of employment that the worker shall not take charge of any business of the union or that he shall not enter a union or that he shall withdraw from the union." Translation by Koo Ping Yuen, *Chinese Labor Laws*, second edition, Commercial Press, Shanghai, 1935.

[3] See Chapter II.

[4] See Chapter III.

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Legislation passed in 1942 provided, in a time of war, for compulsory membership on the part of all citizens in some organisation. For workers the membership would logically be in a workers' organisation or labour union. The Labour Union Law which has been on the statute book for a decade gives workers the right of association. It provides for supervision on the part of the authorities to a point where freedom in organisation is perhaps lessened. It is to be hoped that in future there can be, through an organ of the city administration designated for the purpose, contact with workers' organisations which will contribute to their free development. It is believed that the Shanghai experience assisted some workers to understand group action. The basic principle enunciated when mediation work was undertaken in Shanghai, "never to do anything which would break the strength of the workers," should prove an important instrument in assisting in the development of the sound organisation which is to be desired. On many occasions workers, greatly satisfied with the adjustment which they had secured through proper mediation procedures, desired to perpetuate in organisational form the coherence of workers for the *ad hoc* purpose of the dispute. It is certain that men who had had this concrete experience would have gone out to create a genuine union, had they been able to do so. Some unions which did exist were strengthened by their education in mediation proceedings. When the same representatives of workers came back year after year on behalf of their fellows, it was obvious that there was a steadiness upon which could be built a satisfactory union structure. Men will themselves be the first to dismiss the demagogues among them and to refuse to have anything to do with those trying to use organisation and strife for their own ends if the chance for free development of their organisation comes to them.

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THE SUCCESSFUL ORGANISATION of a city Department of Social Welfare will depend largely on experienced personnel of high calibre and social devotion. They can be found. There is a great urge for social betterment in China, and with it a great capacity for organising and working toward it. Almost all the phases of work which were developed in Shanghai were to a large extent the product of the ideas and the plans and the execution of qualified Chinese